

**REMARKS**

The Office Action dated November 16, 2006 has been received and carefully reviewed. The preceding amendments and the following remarks form a full and complete response thereto. Claim 1-16 and 18-21 have been cancelled without prejudice or disclaimer. New claims 22-40 are added. Support for the amendments can be found, inter alia, at pages 4-20 of the specification and in the original claims. No new matter has been added. Claims 22-40 remain pending in this application are submitted for reconsideration.

Claims 1-2, 13-14, 18-19 were rejected under 35 U.S.C. § 103(a) as being unpatentable as allegedly obvious over Freeney (USP 6,594,643) in view of Kane (USP 6,317,728). Claims 3-8, 15-16 and 21 were rejected under 35 U.S.C. § 103 (a) as being unpatentable as allegedly obvious over Freeney in view of Kane, and further in view of a non-patent publication, "PlexusGroup Commentary #59." Claims 9-12 were rejected under 35 U.S.C. § 103 (a) as being unpatentable as allegedly obvious over Freeney in view of Kane, and further in view of Horrigan et al. (USP 6,493,682). The rejections are each moot in view of the new claims.

Applicants submit that claims 22-40 recite subject matter not disclosed or suggested by any combination of the cited prior art.

Claim 22, upon which claims 23-36 depend, defines a system for executing block trades of securities according to predefined trading strategies. The system includes one or more trading servers that are each connected with a plurality of clients via a communication network. The one or more servers are configured to receive a block

trade request and to generate a plurality of executable trade orders to implement the block trade request based upon a trading strategy selected from a plurality of strategies (e.g., VWAP, SPI, etc.). Each executable trade order is submitted to a trade forum for execution at a different time during a specified trading period.

Claim 27, upon which claims 28-40 depend, recites a computer implemented method for executing block trades for a security. First, a block trade request is received. Next, a plurality of executable trade orders is generated to implement the block trade request. The executable trade orders are generated according to a trading strategy selected from a plurality of trading strategies. The executable trade orders are executed in a trade forum at different times determined by the selected trading strategy algorithm.

As a result of the claimed configuration, a novel system and method are provide for implementing block trades via a plurality of executable trade orders executed at different times throughout a trading interval. For example, a block trade request for buying 100000 shares IBM can be implemented by the present invention according to a selected trading strategy (e.g., VWAP, SPI, etc.). The system and method of the present invention implement the block trade request by generating a plurality of executable or "live" orders and submitting them to a trade forum (e.g., market, ATS, ECN, etc.) at different times for execution. For example, the block trade request of buy 100000 shares IBM could be implemented with 5 different sized limited orders that add up to 100000 shares, each submitted at a time determined by the selected trading

strategy. Accordingly, the trader need only submit a block trade request and select a server/strategy.

Freeney is the primary reference that served as the basis for each of the rejections. In contrast to the present invention, Freeney is directed to a retail trading system. The trading system is an automatic-type stock trading system that receives trading *criteria* defining conditions under which to make a specified trade. The trade is made automatically based on an analysis of trade data in view of the criteria. For example, a trader may specify to buy IBM when the price dips below 50 and to sell IBM when the price reaches or exceeds 55. Freeney is quite different from the claimed invention because, *inter alia*, it fails to disclose a system and method for implementing **block trades** by generating a plurality of smaller trades according to a selected trading strategy algorithm. Instead, Freeney merely discloses a system that can automatically make a trade based on *criteria* that is input. Freeney fails to mention or suggest anything about block trading. Freeney fails to disclose or suggest that a block trade request is submitted, including a number of shares to be executed along with the selection of the trading strategy in which to implement the block trade request. In Freeney, there is no concept of the selection of a trading strategy that is used to generate a plurality of executable orders in order to implement a block trade across a specified trading period.

None of the other cited references can cure the above-described deficiencies in Freeney. For example, Kane is directed to an artificial intelligence (AI) based trading system. The system utilizes computer “agents” that maintain a portfolio and which

execute buy/sell orders in conformance with set up rules. Kane fails to disclose the system and method of the present invention for generating and executing trades based on a non-executable request and a selected trading strategy.

Also, Horrigan fails to disclose the claimed arrangement. Horrigan is directed to a complicated set of algorithms, that decide whether to execute a proposed executable trade and does not disclose the system and method of the present invention for generating and executing trades according to trading strategies based on a non-executable request.

PlexusGroup merely describes a known benchmark, VWAP. Applicants have not claimed to have invented VWAP. Accordingly, Applicants submit that the Plexus-Group reference fails to cure the above-described deficiencies in the prior art and is irrelevant to the claimed invention.

Thus, Applicants submit that the combination of cited prior art fails to disclose or suggest each and every element of claims 22 and 27, upon which the remainder of the pending claims depend. Accordingly, Applicants request that the rejections be withdrawn and that claims 22-40 be allowed and this application passed to issue.

If this response is determined not to place the application in condition for allowance for any reason, the Applicants' representative hereby requests an interview with the Examiner to discuss this response.

In the event that this paper is not timely filled, Applicants respectfully petition for an appropriate extension of time. Any fees for such an extension together with any additional fees may be charged to Counsel's Deposit Account No. 02-2135.

Respectfully submitted,

A handwritten signature in black ink, appearing to be "Brian A. Tollefson", written over a horizontal line.

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